

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA San Diego, California

***United States Attorney
Karen P. Hewitt***

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For Immediate Release

HEDGE FUND MANAGER SENTENCED TO 72 MONTHS IN PRISON

NEWS RELEASE SUMMARY - April 7, 2008

United States Attorney Karen Hewitt announced that Marvin Irwin Friedman was sentenced today in federal court in San Diego by United States District Court Judge Roger T. Benitez to serve 72 months in prison in connection with his participation in a scheme to defraud investors in the Global Money Management (GMM) hedge fund. Judge Benitez also ordered Friedman to pay \$49 million in restitution to the victims in the case.

According to Assistant United States Attorneys Faith Devine and Phillip L.B. Halpern, who prosecuted the case, Friedman pled guilty on February 27, 2006, to diverting investor funds from the GMM hedge fund for his own personal benefit or entities which he controlled, disseminating false and misleading account statements and partnership tax returns which overstated the performance of the GMM hedge fund, and using new GMM investor money to pay fictitious returns to previous GMM investors in order to induce those investors to send money to GMM and/or not withdraw funds the investors had already invested.

Friedman also admitted to making false statements on his tax returns by improperly claiming diverted GMM investor funds as capital contributions. This enabled Friedman to take withdrawals from GMM without having to pay tax, resulting in a tax loss to the United States of \$481,000.

United States Attorney Hewitt said, "As a massive fraud masquerading behind an aura of legitimacy, Global Money Management was a huge tragedy for its investors. Friedman betrayed the trust of these investors and today's sentence ensures the victims of his crime will receive some measure of justice."

DEFENDANT

Case Number: 05cr1010-BEN

Marvin Irwin Friedman

SUMMARY OF CHARGES

Title 18, United States Code, Section 371 (Conspiracy)

Title 26, United States Code, Section 7206(1) (Filing False Tax Return)

AGENCIES

Federal Bureau of Investigation

Internal Revenue Service - Criminal Investigation